The Katten
Kattwalk®
Spring 2020 | Issue 21

Katten

Letter From the Editor

Welcome to our Spring 2020 edition of *Kattwalk*! In this issue, we introduce you to Trisha Sircar, a partner who joined our Privacy, Data and Cybersecurity practice in New York in January. Trisha has experience across diverse industries, from fashion and finance to technology, helping clients manage the collection, use and disclosure of personal data and confidential information, as well as secure their intellectual property, including helping retailers and fashion companies expand into global markets while maintaining their brand recognition.

In this issue, we also introduce you to Doron Goldstein, co-head of our Privacy, Data and Cybersecurity practice, and Jeremy Merkel and Dagatha Delgado, both Intellectual Property attorneys in our New York office. All three offer innovative insights to fashion companies, who are on the cutting-edge of new technologies, on the best ways to process unprecedented amounts of consumer data, expand their brands and protect their data on a legal and reputational basis.

As COVID-19 continues to impact all of us, the importance of protecting and securing data and intellectual property has increased, especially as companies have transitioned to remote work environments and are figuring out how to adapt their business processes. Katten has continued in its pro bono efforts to assist small businesses, many of whom are struggling with intellectual property-related issues in the wake of the pandemic, through our work with legal service organizations like Volunteers of Legal Service (VOLS) in New York.

Also in this issue, Intellectual Property associate Alexandra Caleca sheds light on two significant Supreme Court cases: the first exploring whether the mental state of a defendant should affect a plaintiff's ability to recover a profits remedy; and the second discussing the issue of inherent distinctiveness related to color marks on product packaging.

Finally, in this issue, we discuss precedential rulings made by the Trademark Trial and Appeal Board (TTAB) that cover issues such as the kind of packaging that qualifies for trademark registration, how seemingly harmless information posted on social media and the internet can affect the outcome of a case, and whether the intent to begin use of a "never-used" trademark is acceptable evidence to deny the presumption of abandonment.

We hope you enjoy this edition and continue to stay safe and well during these unprecedented times!

Karen Artz Ash

Q&A With

Trisha Sircar

Privacy, Data and Cybersecurity Partner
Katten Muchin Rosenman LLP

| BACKGROUND |

Tell us about your background.

I am a Privacy, Data and Cybersecurity attorney who grew up in Sydney, Australia and now calls New York home. I assist clients to help manage and mitigate the risks associated with the collection, use and disclosure of personal data and confidential information, including trade secrets and intellectual property. This involves strategizing with clients to develop and maintain a global privacy and cybersecurity compliance program and assisting them in managing their day-to-day privacy, cybersecurity and records management needs.

I joined Katten in January 2020, and prior to this, I worked in-house at AIG and as a litigator in New York. I enjoy working with clients across a variety of different industries, from fashion to finance and

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technology, to name a few. With the digital interconnected global economy that we live in, my focus is to protect my clients from, and educate them about, the risks associated with how they handle their data and intellectual property.

| EXPERIENCE |

What are some noteworthy matters you've worked on, and what is your current focus?

While at Katten, I have worked on cybersecurity breaches, assisted retail clients with appropriate fintech solutions, worked with a variety of clients to ensure that their policies and procedures are compliant with US and global privacy and cybersecurity laws and a variety of other privacy, cybersecurity and records management issues.

My current focus is to assist my clients in maintaining as much normalcy, flexibility and resilience as possible in their operations, while being mindful of the legal and regulatory framework they operate in.

| MOTIVATION |

What do you find most rewarding about working with fashion and branded retail clients in privacy, data protection and cybersecurity matters?

I really enjoy working with a brand that is aware of the marketplace and remains authentic and honest to its roots as the company expands and grows regionally and globally. As a brand's global footprint expands, they have to become aware of the cultural implications and legal requirements pertaining to consumer privacy and security. Accordingly, this inevitably requires companies to work with more global ecommerce and technology solutions and supply chains. Companies have to understand the different privacy and cybersecurity laws of the countries they do business in, and I enjoy working with them to overcome these challenges. In addition, a client's intellectual property and goodwill is also important for brand recognition. Hence, making them as secure and aligned with initiatives to secure their intellectual property and promote their goodwill is very rewarding.

| CHALLENGE |

What's the most unexpected challenge in your role and the biggest opportunity for change in your practice in the wake of the COVID-19 pandemic?

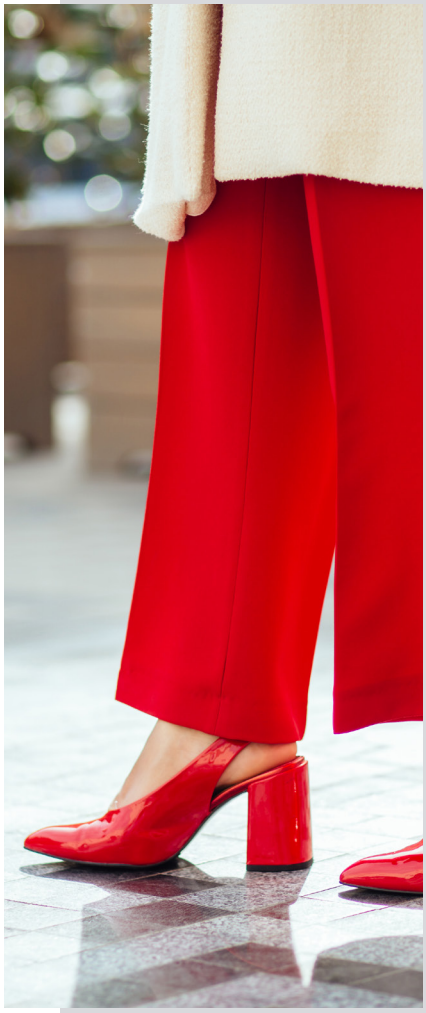
There has been a drastic shift in the way our clients operate and some of them were not prepared to work remotely within such short time frames. Accordingly, assisting clients given the operational challenges they are facing requires me to weigh risk appetites and

take legal positions regarding data processing, privacy and cybersecurity issues much more expeditiously. While, this is the main challenge, this is also an opportunity to foster and strengthen business relationships, as my clients know that they can always reach me through these trying times.

| CHALLENGE |

What problems do you see arising, or that might be overlooked, for fashion companies and retailers in the wake of the COVID-19 pandemic?

Like many industries, retailers and fashion clients have been greatly impacted by this pandemic. Accordingly, go-to market deadlines with delivering products and adopting cost-saving technology solutions have been expedited. This results in challenges in ascertaining and confirming that all legal requirements for the appropriate protections around data and intellectual property are satisfied. In addition, the remote work environment, if not secure, opens another can of worms to cybersecurity issues.



| VISION |

How do you see your practice changing in the future, and how are you preparing to meet those evolving needs?

I believe privacy and cybersecurity are always evolving, as we live in such an interconnected, global digital economy. With the overwhelming majority of people working remotely, cybersecurity threats and employee privacy will present new challenges for everyone. In addition, the measures to test and treat COVID-19 while the vaccine is being developed, coupled with a transition back to the old "normal," will present many health care privacy and employee privacy challenges with regards to ensuring constitutional rights are not violated.

| LIFESTYLE |

What do you do for fun when not working?

Since the privacy and cybersecurity landscape is constantly evolving within the US and around the world and across all industries, I am constantly learning about new legislation and am actively involved with numerous organizations and working groups. In addition, I am always available to my clients given the nature of my practice. Other than work, I love staying active, traveling, mentoring young minds and spending time with my family and friends.

Q&A With

Doron Goldstein

Privacy, Data and Cybersecurity Partner
Katten Muchin Rosenman LLP

| BACKGROUND |

Tell us about your background.

I'm originally from Montreal and graduated from McGill's Faculty of Law with both a common law degree (LLB) and a civil law degree (BCL). Prior to and during law school, I co-founded and ran a computer consulting and internet marketing firm. I now co-head the Privacy, Data and Cybersecurity practice (and also serve as deputy general counsel and privacy officer for Katten) and the Advertising, Marketing and Promotions group at Katten. Interestingly, my practice has ended up blending the careers of my parents: my father was an attorney, and my mother's background is in advertising (she won a Clio Award).

| EXPERIENCE |

What are some noteworthy matters you've worked on, and what is your current focus?

I'm very lucky that my practice has been at the cutting edge of marketing, technology and privacy issues for a good number of years and that has allowed me to work on a significant number of matters that are interesting and novel, ranging from working with a global advertiser — which was selected to be one of a couple of initial test implementations — on the first iteration of Facebook's "beacon" tracking technology, to working with global fashion and hospitality brands on structuring loyalty programs in light of the current slew of privacy laws (some of which can severely limit those programs), artificial intelligence (AI)-enabled marketing campaigns and augmented reality (AR) customer experiences.

The essence of my practice is addressing the use of data by businesses: how to protect and care for data from a privacy and customer relationship perspective, and how to generate value from that data — while respecting privacy — from a commercial and marketing perspective.

| ENGAGING |

What do you find interesting about working with fashion and branded retail clients on complex data management and information technology?

Many fashion and branded retail clients are incredibly creative in how they interact with their customers to try to extend the brand experience in an authentic manner. That means that programs that they propose, and the manner in which they execute — as well as the data that is collected, and how it is used — is often a few years ahead of where the law is, so it forces me to think creatively as well. Digital customer engagement — particularly in the era of COVID-19 — is a key value driver and much of that involves complex relationships with technology providers and IT systems, as well as new uses of data. An easy example of that is AR-enabled virtual dressing rooms, where you can see the clothes or accessories on you while looking at your phone — when first launched, those apps involved some pretty novel technologies but have now become more common — but still process significant amounts of data, and there is interest among brands to make those experiences ever more "sticky" and personalized, which generally involves targeted use of personal data.

| INSIGHT |

What's the most important lesson you have learned through your work?

It is a lesson that also came from my time doing marketing and computer consulting: the importance of understanding and focusing on the client's business and needs. Doing my job well doesn't just involve telling my clients what the law says — there are a lot of very smart attorneys out there who can do that. When I start working with a new client, the first thing I try to do is get an understanding of the business — both from doing independent research and from listening to the client — so I can contextualize the information and advice that I provide. In the areas in which I practice, there are generally no "one-size-fits-all" solutions, so developing an appropriate approach will differ depending on the specifics and the priorities of the business.

| CHALLENGE |

What's the most unexpected challenge in your role and the biggest opportunity for change in your practice in the wake of the COVID-19 pandemic?

For the near, and likely medium, future, the operative term will be "remote" and that holds both for clients — many of whom are among the industries most directly impacted by the pandemic-caused shutdowns, including hospitality and, of course, retail — and for Katten. Shifting entire businesses and operations to remote work and remote services required some pretty rapid changes in approaches and thinking in terms of communications, personnel management, and product and service offerings.

Even once the current crisis abates, I think the ways in which we work and interact will be forever changed. That has opened up new opportunities for those who are able to come up with creative solutions and product offerings. Some clients and industries that were cautiously moving toward increasing online services and implementing mobile offerings are now plunging head-first into inventive ways to offer their services and re-engage with their customers — and while those projects create significant potential business benefits, they are also creating new, and sometimes complex, privacy and cybersecurity issues — particularly in light of new, more stringent privacy and security requirements under laws like the California Consumer Privacy Act (CCPA) and the New York Stop Hacks and Improve Electronic Data Security Act (SHIELD Act).

| LIFESTYLE |

What do you do for fun when not working?

I enjoy food and cooking and can generally be found on Saturday mornings at the Union Square Greenmarket, where by now I know a good number of the farmers and producers. About 15 years ago, when I was still an associate, for a period of about four months, I did an "externship" in the kitchen at Blue Hill in the West Village on weekends for "fun" (and despite the long hours on my feet, it actually was). In addition, since my childhood, I've been interested in geology and mineralogy, and over the last couple of years have started to take gemology courses at the Gemological Institute of America (there are some online courses available, which have been a good distraction during the current crisis) — maybe someday I'll get certified as a gemologist, but for now I'm just enjoying learning.

Q&A
With

Jeremy Merkel

Intellectual Property Associate
Katten Muchin Rosenman LLP

| BACKGROUND |

Tell us about your background.

I joined Katten in 2019 after spending three years focusing on data breach response and cyber-crimes at another law firm in New York City. Before moving to New York, I lived in Washington, DC, where I attended college and law school. I grew up in New Jersey, so I was happy for the opportunity to move back to the Tri-State area and be close to family and friends.

| ENGAGING |

What do you find interesting about advising clients in the fashion industry on privacy and data security matters?

What I love most about advising fashion clients is, not only are they consistently on the cutting edge of new technologies, they also continue to push the limit on what we previously thought was possible. Innovation in the fashion industry by new technologies — such as Artificial Intelligence (AI), facial recognition, Augmented Reality (AR)/Virtual Reality (VR), the Internet of Things, wearables, to name a few — will create privacy issues that companies did not have to previously consider.

Fashion companies and brands have also created an online marketplace that involves collecting an unprecedented amount of data on customers. Profiling customers to understand their preferences and behaviors is essential for clients in the fashion industry to be able to show the right products to the right customers. We often say, "Every company is a tech company," and when processing new categories of personal data, there comes a greater responsibility to safeguard this data from both a reputational, legal and regulatory risk perspective.

For our fashion and retail clients, the ability to innovate is what sets them apart from the competition, but when new tools or services involve innovative forms of technology, there is always risk involved. It's particularly interesting being able to counsel clients through these issues in order to help them expand their brands into untapped mediums.

| INSIGHT |

What is the most important skill you have learned during your time at Katten?

The most important skill I have learned since being at Katten is the ability to analyze issues critically and think outside the box to answer our clients' questions. The issues that our clients bring to us are not always so black and white. Especially when it comes to the constantly changing privacy and data security laws, there are always new questions that require novel answers. I hope that our clients agree, and that is why they keep coming back to Katten.

| DIRECTION |

What are some of the legal trends you are seeing in the privacy and data security sector?

The recent implementation of the California Consumer Privacy Act (CCPA), which provides California residents with various rights with respect to their personal information that a company collects, uses and discloses about them, signals a trend towards regulators shifting the balance of power from businesses to consumers. The CCPA also includes a private right of action, which gives California residents the right to bring a lawsuit and receive statutory damages in the event that their personal information is involved in a data breach "as a result of the business's violation of the duty to implement and maintain reasonable security procedures." We have already started to see the CCPA spur a new wave of class action litigation. With retail companies historically being a prime target for hackers — and more recently — influencers and high-end beauty and fashion brands — we have been counseling our clients on implementing the necessary protections.

In our backyard, New York recently enacted the SHIELD Act, which creates legal requirements for companies doing business in the state (so every fashion company) to "implement and maintain reasonable safeguards to protect the security, confidentiality and integrity of the private information." What was considered "reasonable" used to be open to interpretation, but now that New York has provided clear statutory guidance, companies will be forced to re-evaluate their current information security practices, and if they are inadequate, take steps to bring them into compliance. In the absence of a federal data privacy law, we are likely to see other states follow the trend set by California and New York.

| PROGRESSION |

How do you see the privacy and data security field evolving in the future?

Companies have such a vast amount of data at their fingertips, and with advanced analytics, they have been developing ways to utilize this data in ways we never thought were possible. In today's digital economy, data is power, so I think we are going to see a movement towards consumers showing more concern with how companies are using their personal information, and to a certain extent, seeking to take back control of their data. Obviously, the law is always a step behind technology, so it will be interesting working with our clients to navigate the evolving regulatory framework of privacy and data security laws without compromising the spirit of innovation.

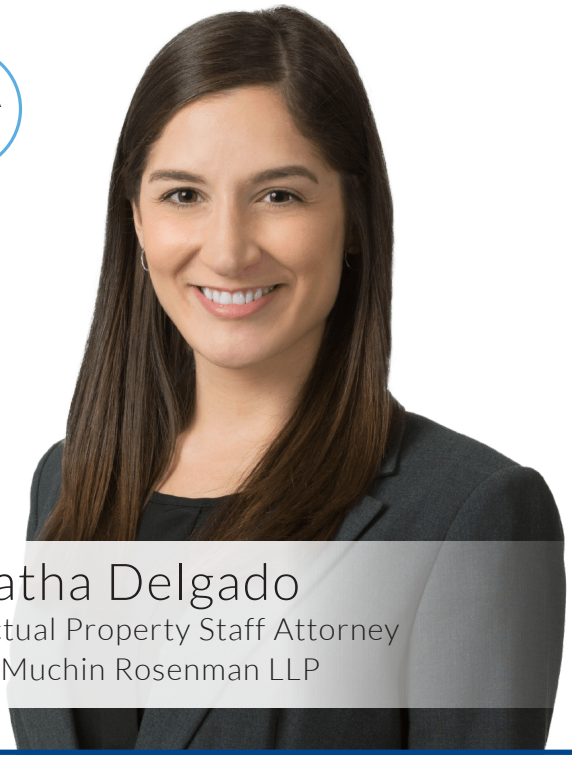
Going forward, every company is going to appoint a dedicated person, or group of people, to be responsible for coordinating their data security efforts. In certain cases, like with the New York Shield Act, the law requires this, but otherwise, it simply makes sense operationally. Having a chief information security officer (CISO), or someone at the company with the appropriate technical knowledge and skill set who can collaborate with the relevant stakeholders when it comes to implementing a cybersecurity program, streamlines the process and reduces the likelihood that a company's leadership is left picking up the pieces in the event of an incident.

| LIFESTYLE |

What do you do for fun when not working?

Outside of work, I play in different soccer leagues across the city. If there is a weekend with no soccer, I try to make it out to the golf course. I also just got a new bike for the first time since I was a teenager, so I have been taking it out for rides in nice weather. Finally, I am getting married in November, so planning a wedding has been keeping me plenty busy too!

Q&A With



Dagatha Delgado

Intellectual Property Staff Attorney
Katten Muchin Rosenman LLP

| BACKGROUND |

Tell us about your background.

I am the daughter of two immigrant parents — my mom is from Argentina and my dad is from Peru — and the first in my family to attend college and law school in the United States. My parents worked multiple jobs to support me throughout school, which I think greatly impacted who I am today. At Rutgers University, I became fascinated with the law, and during my JD/MA program at American University, I quickly realized that technology is the future and data is the new currency. I was determined to become immersed in the field of privacy and security.

| EXPERIENCE |

What do you find interesting about counseling fashion and branded retail clients on privacy and data security compliance and technology matters?

Our clients rely heavily on marketing and advertising to conduct their businesses. It seems like a new marketing or advertising tool is developed daily, and these tools are often released without legal compliance in mind. Our work requires us to not only know the laws, but also to become familiar with the latest tools and technologies and how they work. What I find most interesting about counseling our clients is figuring out how our clients can continue using these tools, while also complying with privacy and security laws.

| REWARDING |

What's the most rewarding aspect of your work?

I love the challenge of the unknown. Technology is ever-changing, hackers are getting smarter, and privacy and security laws are frequently changing. My job requires that I stay on top of the latest privacy and security legal developments, which means I learn something new every day.

| CHALLENGE |

What's the most challenging aspect of your work?

The flip side to the laws constantly changing is that we don't always have clear guidance from regulators on what the laws mean. It can be challenging to advise clients, who are expected to comply with laws that are already in effect, when we don't exactly know the full extent of compliance requirements.

| CHALLENGE |

What's the most unexpected challenge in your role and the biggest opportunity for change in your practice in the wake of the COVID-19 pandemic?

We found that many businesses were not prepared to respond to the pandemic and did not necessarily have remote work capabilities in place. The biggest opportunity for change in the wake of the COVID-19 pandemic is to shift our focus to information security, such as developing business continuity and pandemic response plans and helping clients implement controls and processes to ensure a secure remote work environment to protect sensitive and confidential data.

| LIFESTYLE |

What do you do for fun when not working?

Gymnastics! I can't wait to get back into the gym once the pandemic is over. I've also become really interested in plants over the past year or so, and I'm currently working on turning my New York City apartment into my own little urban jungle.

More NEWS to KNOW

TTAB Denies Petition to Cancel on Grounds of Abandonment

by Karen Artz Ash and Jerry Jakubovic

In *Wirecard AG v. Striatum Ventures B.V.*, the Trademark Trial and Appeal Board (TTAB) issued a decision to deny a petition to cancel a trademark registration on the grounds of abandonment despite a lack of traditional use of the trademark. The decision demonstrated that in the circumstance of a "never-used" mark registered on the basis of Trademark Act Section 66(a), an intent to begin use is acceptable evidence to rebut the presumption of abandonment.

Read more

TTAB Expands Generic Inquiry to Product Packaging

by Karen Artz Ash and Jerry Jakubovic

In *In re Odd Sox LLC*, the Trademark Trial and Appeal Board (TTAB) issued a precedential ruling, holding that the term "generic name," as used in the Trademark Act, encompasses product packaging, and that generic inquiry is applicable to assessments of source identification capabilities of product packaging. In doing so, the TTAB provided guidance with respect to what type of packaging would, or would not, qualify for trademark registration.

Read more

TTAB Enters Judgment Based on Finding of Willful Evasion

by Karen Artz Ash and Jerry Jakubovic

In *Fifth Generation Inc. v. Titomirov Vodka LLC*, the Trademark Trial and Appeal Board (TTAB) issued a precedential opinion, which held that failure to comply with TTAB's orders, misrepresentations to the board, and a pattern and practice of avoiding discovery obligations can lead to the drastic remedy of dispositive sanctions. The decision provides cautionary guidance on how seemingly innocuous information posted on social media and the internet can affect the outcome of a case.

Read more

SCOTUS Confirms Willful Infringement Not Required to Award Trademark Profits

By Alexandra Caleca

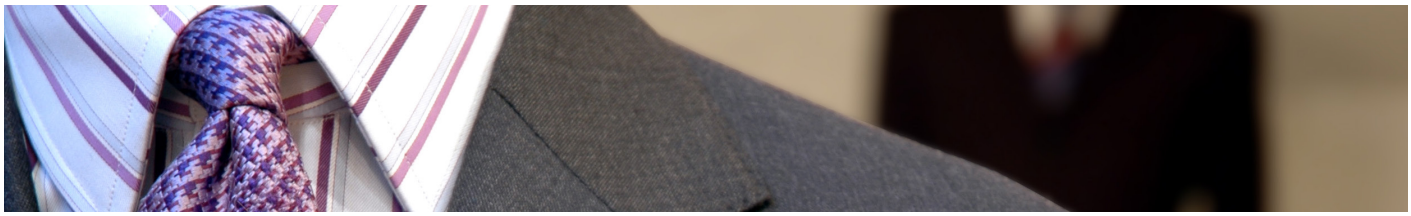
On April 23, the United States Supreme Court unanimously ruled that a plaintiff can win a profits remedy without showing that the defendant willfully infringed on its trademark. This case, *Romag Fasteners Inc. v. Fossil Inc. et al.*, 590 U.S. ____ (2020), settled a decades-long dispute between Romag, a family-owned business based in Milford, Connecticut that sells patented magnetic snap fasteners under its registered trademark, "ROMAG," for use as closures, and Fossil, a fashion brand known for its handbags, watches, wallets and leather goods. What began as a successful arrangement, in which Fossil was granted the right to use Romag's fasteners in their products, turned sour nearly eight years later, when Romag discovered that certain Fossil handbags sold in the United States contained counterfeit snaps bearing the ROMAG mark and alleged that Fossil did "little to guard against the practice."

On November 22, 2010, Romag sued Fossil and certain retailers of Fossil products for trademark (and patent) infringement for using fake Romag magnetic snap fasteners and for falsely representing that its fasteners originated from Romag. After a seven-day trial in 2014, a federal jury found Fossil liable for both trademark and patent infringement. However, Romag was refused a $6.8 million award from Fossil's profits because it couldn't prove the company had done so willfully (as was the requirement in the Second Circuit). Though the jurors found Fossil had acted with "callous disregard" for Romag's intellectual property rights, the jury did not find that the infringement was willful. Romag appealed to the Federal Circuit, which had exclusive appellate jurisdiction over the entire case because it involved a patent claim. The court of appeals affirmed.

Romag petitioned for a writ of *certiorari* on March 20, 2019 and has now received the Supreme Court's decision as to whether, under Section 35 of the Lanham Act, 15 U.S.C. § 1117(a), willful infringement is a prerequisite to receive an award of an infringer's profits for a violation of Section 43(a), id. § 1125(a). The majority opinion, written by Justice Neil Gorsuch, centers on the chosen language of the Lanham Act, specifically 15 U.S.C. § 1117(a), and the Court's unwillingness to "read into statutes words that aren't there." The rule is now clear: "A plaintiff in a trademark infringement suit is not required to show that a defendant willfully infringed the plaintiff's trademark as a precondition to a profits award," Justice Gorsuch wrote for the Court. "The Lanham Act provision governing remedies for trademark violations...has never required such a showing. Reading words into a statute should be avoided, especially when they are included elsewhere in the very same statute."

With all justices joining or concurring with Justice Gorsuch's opinion, it now appears established that a plaintiff is not required to prove a defendant acted willfully to recover profits. While a plaintiff must not prove willfulness, a plaintiff is also not automatically entitled to recover a defendant's profits. What the Court has made amply clear is that the defendant's mental state is highly important in considering whether a plaintiff is entitled to a profits remedy; however, the mental state consideration does not require an "inflexible precondition" of willfulness. "We do not doubt that a trademark defendant's mental state is a highly important consideration in determining whether an award of profits is appropriate," Justice Gorsuch wrote. "But acknowledging that much is a far cry from insisting on the inflexible precondition to recovery Fossil advances."

Moving forward, a defendant's mental state — or the mental state that a jury determines — will likely be crucial in determining whether a plaintiff may recover a profits remedy. Without setting a threshold mental state for recovery, however, it is presumable that future juries will use a sliding scale to determine whether a plaintiff may recover a profits remedy, and how much a plaintiff is entitled to recover.



Federal Circuit Confirms Certain Color Marks Can be Inherently Distinctive for Product Packaging

By Alexandra Caleca

On April 8, the United States Court of Appeals for the Federal Circuit (the Federal Circuit) vacated and remanded a 2018 ruling by the United States Patent and Trademark Office's (USPTO) Trademark Trial and Appeal Board (TTAB) that had affirmed the refusal to register a trademark consisting of a gradient of multiple colors applied to product packaging and relied on US Supreme Court precedent in concluding that color marks can, in fact, be inherently distinctive when used on product packaging "depending upon the character of the color design." In *re Forney Industries, Inc.*, Case No. 2019-1073 (Fed. Cir. April 8, 2020) (O'Malley, J.) [precedential].

As the Supreme Court has made clear, inherent distinctiveness depends on whether consumers would be inclined to associate the color feature with its source. Here, the Federal Circuit concluded that it is possible that a distinct, color-based product packaging mark, like Forney's, can indicate the source of the goods to a consumer and, therefore, can be inherently distinctive. Accordingly, rather than categorically holding that colors alone cannot be inherently distinctive, the TTAB should have considered whether Forney's mark satisfies the Federal Circuit's criteria for inherent distinctiveness.

In determining the inherent distinctiveness of trade dress, the appropriate question to answer is whether the trade dress makes such an impression on consumers that they will assume the trade dress is associated with a particular source. To assess that question, the Federal Circuit stated that TTAB must look into the following factors:

- whether the trade dress is a "common" basic shape or design;
- whether it is unique or unusual in the particular field;
- whether it is a mere refinement of a commonly adopted and well-known form of ornamentation for a particular class of goods viewed by the public, as a dress or ornamentation for the goods; or
- whether it is capable of creating a commercial impression distinct from the accompanying words.

These factors provide different ways to determine whether it is reasonable to assume that customers in the relevant market will perceive the trade dress as an indicator of origin. Having come from the Federal Circuit, this decision will have an effect on the application and prosecution practice in the USPTO. Moving forward, this decision may provide a path to registration for those that are primarily using, and aiming to acquire, exclusive rights to the colors in their product designs via their packaging. Practically, this may also enable companies to obtain an early registration over color on packaging while simultaneously developing secondary meaning in the marketplace.

Katten attorneys named "Notable Women in Law" by *Crain's New York Business*

New York Intellectual Property partner **Karen Artz Ash**, Insolvency and Restructuring partner **Cindi Giglio**, and Financial Markets and Funds partner **Susan Light** were named "Notable Women in Law" by *Crain's New York Business* for their contributions to the legal industry. In its third year, the list featured "trailblazing attorneys who are passionate about serving their clients and staying on top of their game," and who provide outstanding philanthropic service in the New York City metro area. *Crain's New York Business* notes that Karen has "an enviable book of clients" and serves as the pro bono committee chair for Katten's New York office and as chair of the board of directors for the Volunteers of Legal Service (VOLS).

Working with Volunteers of Legal Service (VOLS) in the Wake of COVID-19: An interview with Marcia Levy, VOLS executive director, and Arthur Kats, director of VOLS' Microenterprise Project

How has the coronavirus (COVID-19) crisis affected the lives of New Yorkers and the communities that VOLS serves?

Marcia: The clients we normally represent are small businesses, immigrants, the elderly, veterans, women, children and families. If you think about who has been hit hard by the crisis, and if you start with small businesses, many small businesses are shut down. They can't afford to pay employees but still have bills to pay because they have storefronts and commercial leases. Businesses really need access to legal services to help them through this crisis. New programs, like the Payment Protection Program, are hard to navigate. Organizations, like ours, that can help small businesses through this are really vital to getting them the cash assistance that they need to stay afloat.

How has VOLS adapted its services to respond to the COVID-19 crisis?

Marcia: For 10 years, starting during the financial crisis of 2008, we had an unemployment project that provided free legal representation to people who lost their jobs, and who were denied unemployment insurance benefits. When the economy became better in 2018 and 2019, we didn't see as many of those matters, so we closed the program. As soon as the coronavirus crisis hit, we re-instituted the Unemployed Workers Project (UWP) two days later with the idea to not only help people once they were denied unemployment benefits but also to provide them with information on how to navigate the process of filing for benefits. We trained 100 pro bono lawyers, and since then, they handled hundreds of matters, from helping people navigate the benefits process to answering questions about the various unemployment programs' eligibility requirements. When hearings begin, we will represent those who have been denied benefits.

There has also been a lot of interconnectivity between our projects at VOLS since the crisis began. For example, many immigration lawyers are seeing that their clients have lost their jobs, so our Unemployed Workers Project has been able to work with our Immigration Project to assist that specific population. The VOLS website also offers both a resource center and a response section, so if you are a small business who needs information about the Payment Protection Program, you can go to our website and find it. We also provide hotlines in every area that we work in, so that people who need help can call.

Arthur: Many of our businesses have reported that they were having their best months in January and February of this year, and then they went off of this cliff. We sent out a survey to approximately 500 of our current and former small business clients in late March and learned that the vast majority were fully closed or significantly reduced their operations, were in danger of missing rent, loan or other financial payment obligations, and had to let go of most or all of their employees. These are businesses in New York City that can't easily pivot to internet sales, or people who don't have significant reserves of cash. Through that survey, we were able to identify what the legal needs were, and how we were going to respond.

Our work fielding new business applications or expanding existing businesses has reduced significantly, and we have pivoted, for the most part, to crisis response, and, hopefully at some point, recovery. We set out with our pro bono partners to start gathering resources and doing research on what federal, city and state programs are available out there for our small business community, so that we can give them resources to understand what programs they are eligible for and how to apply for those programs, as well as answer questions like, "What does the eviction moratorium mean?" or "Do I still need to pay rent?" We have also created a guide about small business insurance policies.

It's not just small business owners who are facing this crisis. It's all of the other populations that we serve: immigrant youth, unemployed workers, elderly and incarcerated mothers. The populations that we serve are some of the most vulnerable.

How have law firms, like Katten, assisted VOLS' efforts?

Marcia: Law firms are actively stepping up during this time. In order to increase our impact, we need their assistance. The poor are getting poorer. Our clients are already vulnerable. Low income and communities of color are incredibly hard hit. The newly unemployed don't have any income. It's not just our usual clients who are so deeply impacted, and that's why legal

services of the kind that we do, and the support of our pro bono colleagues through their volunteerism, are so incredibly critical right now.

Karen Artz Ash is the chair of our board of directors, and as the chair of a nonprofit, it's an incredibly challenging time, not only when it comes to the work that we are doing but also ensuring our own survival to be able to do the work we do. Karen has encouraged the board to support us both in terms of work and fundraising. Katten has always been an amazing partner because of their deep knowledge of our business-related work. Nobody on our staff can handle intellectual property-related matters, but that's where Katten has really been an unbelievably strong partner.

Katten is working on small business matters and has also helped our Elderly Project with respect to remote notarization and witnessing for low-income, elderly New Yorkers.

Arthur: The Microenterprise Project's mission is to provide legal education and services to small business owners, who would not otherwise be able to access those services. We focus on low- and moderate- income businesses, both pre-startups and established businesses. We help communities who are traditionally or disproportionately shut out of legal services, which can include minorities, women and immigrant-owned businesses, veteran-owned businesses, queer-owned businesses and limited English proficiency business owners, as well as brick and mortar businesses located in areas subject to displacement and gentrification. In the past three years, we have focused a lot of energy on small business tenants through our commercial lease assistance program, which provides legal services to small business tenants regarding their leases. We rely heavily on our pro bono partners that volunteer to serve our clients and fill in the gaps in areas where we don't have expertise in terms of entity information, selection, contracts, employment issues and more.

Katten is the strongest intellectual property partner for us. That's an area of law that small business owners could really benefit from, whether they are opening a business or need to review, protect and enforce their IP rights. That is a service that we have been able to provide to many small business owners through partners like Katten.

In particular, Katten has helped about a dozen of our small business owners over the past two years. Brett Danow and Jeremy Merkel are assisting a young minority business owner, who is a fairly recent college graduate and is starting up a lifestyle company, with helping him to trademark his unique name for the brand, which has a lot of personal meaning for the owner. Virginia Mann and Alexandra Caleca are working with a fitness-related business. Eight or nine other cases, from 2018 to 2019, have been placed with Katten and are at various stages of representation, including an educational training program that helps students improve their cognitive skills, a cleaning company and a small fashion business looking for trademarking copyright advice.

Why do you feel VOLS' work is important, especially during the pandemic?

Marcia: When I was pro bono counsel at Sullivan & Cromwell, the then executive director of VOLS, a very iconic figure in the pro bono world, contacted me. I was so impressed by what the organization was doing. I thought their projects seemed great, and one of the things I liked about their projects was that you could help someone, make an impact and see a positive outcome by doing pro bono. We were involved with VOLS in their HIV/AIDS work. We took up the call when asked to help with their unemployment work. So, I always had this deep respect for VOLS.

For me personally, I love that we have the expertise on staff and that we get to multiply that by working with pro bono lawyers. For us, our mission is to leverage the power and resources of companies and law firms who can help make an impact on barriers to justice. Every project that we do, we ask "can pro bono lawyers do this?" It's such a nice partnership, and we all bring our expertise and our commitment, which is so important.

These are such challenging times and get more so each day. The economic, racial and social disparities are more glaring, and the need for legal representation to combat the negative consequences have never been more urgent. Together, we have the experience and commitment to make a difference on matter at a time.

Arthur: My path to VOLS actually stems from a former crisis. I graduated from Cardozo Law School in 2009 at the height of the great recession. I was dealing with the ramifications of being an unemployed worker and looming student loans. Through that process, I was able to volunteer with a number of different organizations that meant a lot to me, and at the same time find work in the limited places where it was available, which was in landmark tenant law. I ended up in that industry, for the most part representing landlords. As the crisis subsided, I felt that call back to public interest work and decided that it was time for me to see if I could blend the two: the fulfillment that I had from

Six Katten IP attorneys recognized as *Managing Intellectual Property* 2020 IP Stars

Katten was recognized nationally in four intellectual property (IP) areas, with six of our IP attorneys selected as part of *Managing Intellectual Property's* 2020 IP Stars. Katten received national merits in the categories of Trade Mark Contentious, Trade Mark Prosecution, Copyright & Related Rights and Patent Contentious. Katten attorneys who were recognized as "Trade Mark Stars" included Chairman **Roger Furey**, **Karen Artz Ash**, national co-chair of the IP practice **Floyd Mandell**, and IP partners **Kristin Achterhof** and **Bret Danow**. IP partner **Deepro Mukerjee** was also recognized as a "Patent Star" and IP associate **Julia Mazur** was named to *Managing Intellectual Property's* Rising Stars list in 2019. IP Stars is the leading specialist guide to IP law firms and practitioners worldwide. The research for IP Stars covers a variety of IP practices and more than 70 jurisdictions, making it one of the most comprehensive and widely respected IP guides in the legal profession.

Katten IP attorneys recognized in *Best Lawyers in America*, *IAM Patent 1000*, *Chambers USA*, *World Trademark Review*, *The Legal 500*, and *Super Lawyers and Rising Stars*

Katten's **Deepro Mukerjee** was also named among the World's Leading Patent Practitioners by *IAM Patent 1000* in 2019.

In addition, **Karen Artz Ash** and **Kristin Achterhof** were named to *Best Lawyers in America* for trademark law in 2019 and 2020, and Karen was recognized as a *BTI Client Service All-Star* and received *Managing Intellectual Property's* Global Achievement Award, both in 2019.

Chambers USA also honored **Floyd Mandell** for his IP work in 2020 and *Best of the Best USA Expert Guide* named him a Top 30 Trademark Practitioner in the USA in 2019.

Finally, Karen, Kristin, Floyd and IP partner **Jan Tamulewicz** were all named to the *World Trademark Review 1000* in 2020 (including in New York, Illinois and nationally); Karen, Kristin, Floyd, and IP partners **Brian Sodikoff** and Jeffrey Wakolbinger were named to *Super Lawyers* in Illinois and New York in 2020; Julia and IP partners **Matthew Holub** and **Yashas Honasoge** were named *Super Lawyers Rising Stars* in Illinois in 2020; and Kristin, IP partner **Sean Wooden** and Privacy Data and Cybersecurity partner **Doron Goldstein** were named as recommended attorneys by *The Legal 500 United States* in 2019.

Working with Volunteers of Legal Service (VOLS) in the Wake of COVID-19: An interview with Marcia Levy, VOLS executive director, and Arthur Kats, director of VOLS' Microenterprise Project (cont.)

working with public interest with the skills that I had learned in private practice.

That's the story of how I joined this industry and this wonderful organization. I often try to tell colleagues and clients that sometimes opportunity may come out of crisis.

How do you see VOLS changing going forward?

Marcia: VOLS was formed in 1984, at a time when there were tremendous cuts to legal services, so the leaders of the New York City Bar Association came together to create VOLS. The idea behind the organization was to connect pro bono work in law firms and other companies to legal services organizations that needed help. When VOLS first started, we were more of the matchmaker, but we grew to have our own lawyers on staff. Over the years, we have always been nimble. In the AIDS crisis of the 1980s, we helped AIDS victims with life planning, such as creating wills or providing medical directives for people who sadly passed away. In 2008, during the financial crisis, we created an unemployment project because we knew it was needed, and the law firms we worked with would have the expertise.

VOLS is a are nimble and resilient organization. One of our newly created projects is the COVID-19 Frontline & Healthcare Workers Initiative, in which we are working with health care workers to provide them with life planning documents (Powers of Attorney, Medical Advance Directives, simple Wills, and Control of Remains forms) free of charge. We have 94 pro bono lawyers trained in this area, including some Katten attorneys, and our staff will apply their skills on behalf of health care workers — this is one example of how we are taking something we do for particular populations, such as the elderly or veterans, and applying it to health care workers.

A Checklist for Assessing Force Majeure Provisions in Light of COVID-19

By Virginia Mann

This checklist will provide guidance for assessing force majeure provisions. A force majeure provision is intended to be a risk allocation tool to excuse a party's non-performance upon the occurrence of certain events beyond such party's control. These excusing events are called "force majeure" or "superior force" in French. While the force majeure provision is generally considered a boilerplate provision that historically has not received extensive attention during negotiations, the prolonged impact of the COVID-19 pandemic has brought this provision into focus for many. The following checklist will be a helpful starting point in developing strategies.

Does the agreement include a force majeure provision? What is the governing law?

Most agreements include a force majeure provision as a boilerplate provision at the end of an agreement. Unlike certain foreign jurisdictions, most US courts will not excuse performance for a claimed force majeure event without an express force majeure provision. Consequently, it is important to check the governing law of the agreement to identify how the force majeure clause (or lack thereof) will be interpreted under that law.

What events are included as a trigger for the force majeure provision?

Under New York law, generally the non-performing party must demonstrate the existence of a force majeure event. While force majeure provisions vary significantly, most include a specific list of events that constitute a force majeure event. Such lists usually include "acts of God" (which is a phrase that is interpreted differently depending upon the jurisdiction), floods, earthquakes, fires, wars, civil unrest, riots, labor strikes and/or government orders or actions. Before the COVID-19 crisis, it was not common for force majeure provisions to expressly include pandemics, epidemics, disease and/or quarantines in the list of excusing events. New York courts will only excuse performance if a force majeure provision specifically includes the event that prevented performance (Kel Kim Corp. v. Central Mkts., Inc., 70 NY 2d 900, 902-903 (1987)). If the provision does not expressly include pandemics, epidemics, disease or quarantines, broader catch-all phrases might include applicable language. New York courts tend to interpret catch-all phrases narrowly by following the doctrine of *ejusdem generis*, so that the phrase will be limited to things that are similar in nature to the specific listed events.

Does the force majeure clause include a standard or other criteria for excusing non-performance?

If the event at issue is included as a force majeure event, consideration might be given as to whether there are other conditions that must be satisfied for the provision to be triggered. For example, some provisions state that the event must have been unforeseeable or that performance is "impossible" or "impracticable."

Courts generally will not deem mere economic hardship as sufficient to excuse non-performance under a force majeure provision, unless there is "extreme and unreasonable difficulty, expense or injury" (RICHARD A. LORD, 30 WILLISTON ON CONTRACTS § 77:31 (4th Ed.)). Even if not explicitly required in the provision, the non-performing party usually must demonstrate that the claimed force majeure event was the proximate cause of the party's failure to perform: "[a]n express force majeure clause in a contract must be accompanied by proof that the failure to perform was proximately caused by a contingency and that, in spite of skill, diligence, and good faith on the promisor's part, performance remains impossible or unreasonably expensive." Id.

If the clause is triggered, what steps are required of the non-performing party?

Many force majeure provisions require that the party invoking the provision follow specific notification requirements. Even if the provision does not include a notification requirement, it is still best practice for the invoking party to provide prompt written notice to the other party or parties.

- The invoking party should also attempt to continue to perform its obligations despite the occurrence of a force majeure event (See *Phillips Puerto Rico Core, Inc. v. Tradax Petroleum Ltd.*, 782 F.2d 314, 319 (2d Cir. 1985)). It is advisable that the non-performing party preserve any records documenting the steps it has taken to perform its obligations under the agreement, including communications with any suppliers, customers or government officials.

  Finally, the parties should note what exactly the provision excuses or allows once triggered. For example, some provisions excuse the non-performing party from all obligations, some require financial performance even if other obligations are excused, and some allow for termination by one or both parties under specified circumstances.

Katten is available to assist with any questions you may have, including any regarding force majeure provisions. Please contact the Katten Intellectual Property group, who will be happy to assist you.

Katten

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